

Message Text

LIMITED OFFICIAL USE

PAGE 01 KUWAIT 01001 040850Z

15

ACTION NEA-09

INFO OCT-01 EUR-12 ISO-00 SAB-01 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-01 CEA-01 DODE-00 PM-03 H-01 L-02 PA-01 PRS-01

USIA-06 JUSE-00 /095 W

----- 007311

R 040607Z MAR 75

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 2395

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEL AVIV

LIMITED OFFICIAL USE KUWAIT 1001

DEPT PASS TREASURY

E.O. 11652: N/A

TAGS: ETRD, EFIN KU

SUBJECT: KUWAIT ATTITUDE TOWARDS BOYCOTT OF INVESTMENT COMPANIES

1. IN RECENT CONVERSATIONS ON OTHER MATTERS WITH MINISTER OF
FINANCE ATEEQI AND OTHERS IN THE KUWAITI INVESTMENT COMMUNITY,
WE HAVE TALKED ABOUT THE RECENT FLAP OVER THE BOYCOTT BY ARAB
INVESTMENT COMPANIES OF CERTAIN EUROPEAN AND AMERICAN INVESTMENT
COMPANIES. THE LOCAL VIEW IS THAT AS LONG AS THE ARABS REMAIN IN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KUWAIT 01001 040850Z

A STATE OF WAR WITH ISRAEL THE ECONOMIC BOYCOTT WILL CONTINUE

TO BE IMPLEMENTED. THUS, AS A MATTER OF LAW, ARAB INVESTMENT COMPANIES WILL BE PREVENTED FROM SHARING THE MANAGEMENT OF INTERNATIONAL BOND ISSUES WITH BOYCOTTED COMPANIES. NOR WILL THE ARAB COMPANIES BE ALLOWED TO UNDERWRITE ISSUES MANAGED BY BOYCOTTED COMPANIES. IT WILL CONTINUE TO BE POSSIBLE FOR BOTH ARAB AND BOYCOTTED COMPANIES TO UNDERWRITE THE SAME ISSUE.

2. THERE IS A RECOGNITION THAT THIS IS LIKELY TO MEAN A LOSS OF BUSINESS IN THE SHORT RUN. LOCAL INVESTMENT COMPANY OFFICIALS FEEL THAT IF THE MARKET IS GOOD AND ARAB FUNDS ARE NOT NEEDED, THE BUSINESS WILL GO ELSEWHERE. IF THE MARKET TURNS DOWN AND THE DEMAND FOR ARAB MONEY INCREASES BORROWERS WILL AGAIN SEEK EXPANDED PARTICIPATION FOR ARAB INVESTMENT COMPANIES. ARAB INVESTMENT COMPANY OFFICIALS BELIEVE THAT THE LONG RUN TREND FAVORS THE ARAB COMPANIES. IN THE MEANTIME THERE WILL BE A TENDENCY BY THE ARAB COMPANIES TO MAKE DIRECT PLACEMENTS. RECENTLY FOR EXAMPLE KUWAIT INTERNATIONAL INVESTMENT COMPANY HAS NEGOTIATED MAJOR FINANCE PACKAGES WITH JAPANESE AND SPANISH COMPANIES.

3. COMMENT: THE KUWAITIS, OF COURSE, ARE DISAPPOINTED OVER RECENT DEVELOPMENTS, BUT THEY ARE NOT ESPECIALLY PESSIMISTIC ABOUT FUTURE TRENDS. THEY REMAINED BAFFLED AND SUSPICIOUS AT THE INABILITY OR UNWILLINGNESS OF OTHERS, PARTICULARLY IN THE UNITED STATES, TO UNDERSTAND THE POLITICAL BASIS OF THE BOYCOTT AND THE TENDENCY TO CHARACTERIZE ACTIONS TAKEN BY THE ARABS AS BEING BASED ON RELIGIOUS OR ETHNIC GROUNDS. STOLTZFUS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INVESTMENT OPPORTUNITIES, BOYCOTTS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975KUWAIT01001
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750075-0145
From: KUWAIT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750385/aaaacyqe.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 14 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 MAY 2003 by ElyME>; APPROVED <15 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: KUWAIT ATTITUDE TOWARDS BOYCOTT OF INVESTMENT COMPANIES
TAGS: ETRD, EFIN, KU
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006